

1788 Paisley Court  
Vienna, VA 22182  
January 23, 2004

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Re: Dockets No. R-1167, R-1168, R-1169, R-1170, and R-1171

Dear Ms. Johnson:

I appreciate the opportunity to offer my comments on the proposed revisions to Parts 202, 205, 213, 226, and 230 of the Board's Rules and Regulations, and their associated staff commentaries regarding the definition of the term "clear and conspicuous." I commend the Board's staff in taking these necessary steps to update and revise rules that have been outstanding for some time in consideration of the changes that have taken place in marketing financial products and services since the rules were first developed.

The Board along with the other federal financial regulatory agencies adopted regulations in 2000 to implement the provisions of the Gramm-Leach-Bliley Act relating to protection of personal consumer financial information. As part of that process a substantial amount of discussion and consideration was given to defining the term "clear and conspicuous" as it related to providing consumers with information regarding the privacy policies of supervised institutions. I believe it was uniformly agreed that the existing definition of the term contained in other consumer protection regulations was inadequate to meet the changed conditions in the marketplace. As a result of the adoption of the definition during that rulemaking, the disclosures provided to consumers regarding the privacy policies of supervised institutions have been significantly easier to read given the requirements regarding formatting and presentation.

Revising the definition of "clear and conspicuous" along with the addition of staff commentary to provide additional guidance in current Regulations B, E, M, Z, and DD to conform to the definition as presently contained in Regulation P will provide consistency and clarity for both consumers and supervised financial institutions. Consumers will benefit from having advertising and other marketing disclosures provided to them in a format and content that will be substantially easier to read and comprehend. Financial institutions will benefit from a clearer set of requirements on how marketing information and associated disclosures must be made, which will enable them to more easily focus on the content of the products and services being offered. The proposed revisions should also enable the various regulatory agencies to more easily carry out their supervisory obligations to ensure a fair and balanced marketplace where all compete on an even footing.

I note that the request for comments states that guidance on how the “clear and conspicuous” standard is to be applied to electronic communications will be addressed in future rulemakings. The use of electronic communications to market financial products and services to consumers has increased significantly over the past few years. The continuing improvements to communication through electronic means from private entities to consumers clearly calls for these communications to be done in ways that mirror the requirements for disclosures and other communications provided through non-electronic means. The use of the Internet to deliver marketing information to consumers continues to increase every day and guidance to purveyors of financial products and services about how disclosures of required information are to be made is essential to maintain fairness to both consumers and institutions.

In closing, I appreciate the opportunity to offer my thoughts to the Board and its staff on this important issue.

Respectfully,

James K. Baebel